

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-260-G - ORDER NO. 2005-482
SEPTEMBER 8, 2005

IN RE: Petition of South Carolina Electric & Gas) ORDER
 Company for an Emergency Order Concerning)
 Sales of Approved Emergency Gas (Supply)
 Related).)

This matter comes before the Public Service Commission of South Carolina (the “Commission”) pursuant to South Carolina Electric & Gas Company’s (“SCE&G’s”) Petition for an Emergency Order Concerning Sales of Approved Emergency Gas (Supply Related), which was filed with the Commission on September 1, 2005. An emergency hearing on the Petition was held on September 1, 2005, pursuant to S.C. Code § 30-4-80. At the hearing, representatives of SCE&G, South Carolina Pipeline Corporation (“SCPC”), and the South Carolina Office of Regulatory Staff (“ORS”) were present and represented by counsel. ORS, through its General Counsel, has endorsed the Petition and indicated its consent to it and support for its adoption.

The hearing in this matter was conducted jointly with the hearing in the application of SCPC, which was filed simultaneously seeking similar relief.

At that hearing, Sam Dozier, Vice President for SCPC, testified concerning the disruptions of the natural gas supply caused by Hurricane Katrina, which made landfall and caused significant damage in Louisiana, Mississippi, Alabama and to drilling platforms off the United States Coast in the Gulf of Mexico. He testified that on Friday,

August 26, 2005, SCPC and SCE&G began advising customers to prepare for supply disruptions and to ensure their alternative fuel capabilities were ready to be used. According to Mr. Dozier, supply curtailments began on Monday, August 29, 2005, due to suppliers who were unable to provide the quantities they had contracted to provide. These curtailments covered interruptible customers in Categories of Service 6, 7, 8, and 9 (alternative fuel customers). No firm customers have been curtailed nor do either SCPC or SCE&G foresee any problems in serving all firm demands at this time.

According to Mr. Dozier, the customers who have been curtailed are interruptible customers who have the capability of burning alternative fuels. However, alternative fuel supplies may be inadequate to allow these customers to continue operations in the face of an extended curtailment of gas service.

Mr. Dozier further testified that additional natural gas supplies are available in the market. Transportation capacity to deliver those supplies is also available. However, Mr. Dozier testified, this additional gas supply is available only at very high prices. In fairness to firm customers, SCPC and SCE&G do not wish to purchase this higher priced gas to serve interruptible customers unless the interruptible customers who would use this gas agree to pay the higher prices specifically related to their emergency service. Also, SCE&G's tariffs would not allow its customers to buy-through the curtailment period by purchasing this more expensive gas.

As to its firm customer demands, Mr. Dozier was careful to point out that SCE&G has adequate firm supply through SCPC to meet all anticipated firm demands, and the present concerns about gas supply relate only to interruptible customer service.

Based upon the testimony of Mr. Dozier and other evidence accompanying the Petition, the Commission finds that:

1. Hurricane Katrina has disrupted deliveries to SCPC's upstream pipelines of significant quantities of gas for which SCPC has contracted to provide service to its system and its customers; and
2. Because of these disruptions, SCE&G has had to curtail certain categories of interruptible service pursuant to Section VII of its General Terms and Conditions; and
3. Gas Commodity supplies and transportation, while at this point still available, are available only at significantly elevated prices; and
4. Granting SCE&G's Petition is in the best interests of its customers, and, given the high prices of gas supplies, the most economically sensible course of action.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Petition of South Carolina Electric & Gas Company for an Emergency Order Concerning Sales of Approved Emergency Gas (Supply Related) is approved;
2. So long as gas supplies and transportation services are available, and in its discretion, SCE&G may offer its customers Emergency Gas (Supply Related) on an interruptible basis to allow certain customers who would otherwise be curtailed to continue normal operations;
3. Emergency Gas (Supply Related) will be priced at:
 - a. The actual delivered daily price of the specific source of supply allocated by SCE&G to serve the Customer, plus

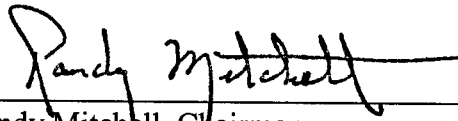
b. The Commission approved maximum contract margin for services to customers falling in the applicable curtailment category, plus

c. All other costs and charges related to the specific gas supply used to serve the customer.

4. Sales volumes and supply costs related to the Approved Emergency Gas (Supply Related) shall not be considered in computing SCE&G's weighted average cost of gas ("WACOG"), or in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders.

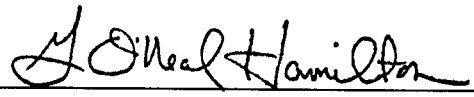
5. This Emergency Order shall remain in effect for a period of thirty (30) days beginning on September 1, 2005, and ending September 30, 2005.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O'Neal Hamilton, Vice-Chairman

(SEAL)